GOVERNMENT OF INDIA
MINES
LOK SABHA

STARRED QUESTION NO:118
ANSWERED ON:07.12.2015
Royalty Rates for Minerals
Patle Smt. Kamla Devi;Samal Dr. Kulamani

Will the Minister of MINES be pleased to state:

(a) the details of current royalty rates of various minerals along with the criteria adopted for fixation of royalty rates, mineral and State/UT-wise and the year in which they were revised last;
(b) whether the royalty rate of iron ore and bauxite per ton in respect of Odisha is equal with that of other States and if not, the reasons therefor;
(c) whether the various mineral rich States have requested the Union Government to increase the royalty rates of various minerals;
(d) if so, the details and the status thereof along with the time by which revised royalty rates are likely to be made effective, State/UT-wise; and
(e) the steps taken by the Government for development of the mining sector in the country?

Answer

(a): The rates of royalty for minerals other than minerals notified as minor minerals under section 3 (e) of the MMDR Act, 1957 are given in ANNEXURE. The Ministry of Mines has revised the rates of royalty and dead rent for major minerals (other than coal, lignite and sand for stowing) with effect from 1st September 2014, which have been published in the Gazette of India vide Notification No. 630(E) and 631(E) dated 1st September, 2014. The royalty is fixed on ad valorem basis, while for some minerals it is fixed on tonnage basis.

(b): Yes Madam. The rates of royalty for minerals, including iron ore and bauxite, are uniformly applicable for all States.

(c) No Madam. The Union Government has not received any request from State Government for increasing the royalty rates of minerals after revising the rates of royalty on 1.9.2014.

(d): Does not arise in view of reply given to (c) above.

(e): The Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 was amended through the MMDR Amendment Ordinance, 2015, which was promulgated on the 12th January, 2015. The MMDR Amendment Bill, 2015 to replace the MMDR Amendment Ordinance, 2015 was passed by the Parliament and has come into force with effect from 12th January, 2015.

The most important provision of the MMDR Amendment Act, 2015 is the grant of mineral concessions, for major minerals including iron ore, through auction by competitive bidding which is a transparent and non-discriminatory method and which will also obtain for the State Government its fair share of value of the mineral resources.

The other important provisions of the MMDR Amendment Act, 2015 are:

(i) Transition provisions for extension of existing leases to obviate disruptions in supply of ore and to ensure regular supply of raw material to the industry;
(ii) Establishment of District Mineral Foundation for the interest and benefit of persons, and areas affected by mining related operations;
(iii) Assured tenure and easy transferability of mineral concessions granted through auction;
(iv) Establishment of National Mineral Exploration Trust for regional and detailed exploration; and
(v) Stricter penalty provisions to deter illegal mining.

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